

# Water Quality Credit Trading

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# Water Quality Credit Trading Overview

- Stakeholder Interest
- Act 371 of 2017 Regular Legislative Session
- Current Activities
- Next Steps

# Water Quality Credit Trading

## Stakeholder Interest

- Trading as cost-effective means to achieve water quality goals
  - Source A ↑ \$ for X pollutant reduction
  - Source B ↓ \$ for X pollutant reduction
- Louisiana Nutrient Management Strategy
- Incentives for voluntary participation
- Involve all stakeholders in watershed community
  - Point Source
  - Nonpoint Source
  - Coastal Protection and Restoration

# Water Quality Credit Trading

## Pre-Act 371

- Revised Statute 30:2074.B.9
- Authorized DEQ to establish and administer a point source to point source effluent reduction credit banking system for state's waterbodies where Total Maximum Daily Load (TMDL) limitations are in place.
- Limited to Point Sources
- With TMDLs
- Within a single watershed

# Water Quality Credit Trading

## Act 371

- June 23, 2017
- DEQ authorized to adopt and promulgate regulations necessary to **establish and administer** a water quality trading program as an **inducement to reduce discharges of pollutants** into waters of the state.
- This water quality trading program may include **point source and nonpoint source** participation.
- Nonpoint sources may participate in the program through a written **agreement** between the department and the appropriate governmental entity with jurisdiction over the nonpoint source, or other written agreement with the department.

# Water Quality Credit Trading

## Act 371

- Such regulations shall include, at a minimum, the following:
  - (i) Criteria under which credits may be certified, generated, quantified, and validated.
  - (ii) Geographical limitations on the use of credits, where applicable.
  - (iii) Criteria for the monitoring, certifying, generating, use, banking, term, enforcement, and sale of banked credits.

# Water Quality Credit Trading

## Act 371

- (iv) The approval of the department for the certifying, generating, use, banking, and sale of banked credits.
- (v) Requirements for the maintenance and submission of records concerning monitoring of pollutant levels, credit offset amounts, and banked credits.
- (vi) Any other requirements needed to comply with federal and state laws and regulations.

# Water Quality Credit Trading Act 371

- (b) A pilot project may be used to aid in the development of a water quality trading program prior to the adoption of regulations promulgated pursuant to Subparagraph (a) of this Paragraph.
- Any such project shall be conducted in accordance with the terms and conditions of an implementation plan approved by the department.

# Water Quality Credit Trading

## Act 371

- Review of agency rules provided for in R.S. 49:968 - Legislative Oversight for DEQ through House Committee on Natural Resources and Environment and the Senate Committee on Environmental Quality
- Act 371 includes additional Legislative Oversight by House Committee on Agriculture, Forestry, Aquaculture and Rural Development and the Senate Committee on Agriculture, Forestry, Aquaculture and Rural Development

# Water Quality Credit Trading Act 371

- In Summary:
- Allows participation of both point and nonpoint sources
- Consideration of across watersheds
- In watersheds with or without TMDLs

# Water Quality Credit Trading

## Current Activities

- Small Workgroup developing Draft Guidance
  - Members from LDEQ, LDAF, CPRA, USDA NRCS, and Water Synergy Project
- Based on National Network on Water Quality Trading document (June 2015)
- Association of Clean Water Administrators (ACWA) Water Quality Trading Toolkit templates

# Water Quality Credit Trading

## Current Activities

- Considerations...
- Pollutants
  - Nutrients and BOD
  - Sediment
  - Temperature
- Ratios
  - Address Uncertainty, Equivalency, etc.
- States' Watersheds

# Water Quality Credit Trading

## Next Steps

- Tentative Timeline
  - Stakeholder Interaction in 2018
    - Kickoff Meeting – early 2018
    - Pilot Phase – through late summer 2018
  - Draft Rule proposed by end of 2018
  - Final Rule promulgated by end of 2019

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